

Message Text

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PAGE 01 STOCKH 02487 271059Z
ACTION EUR-12

INFO OCT-01 EA-12 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 FRB-01 INR-10 IO-14 NEA-11 NSAE-00 ICA-20
OPIC-06 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00
OMB-01 SS-15 L-03 STR-07 /134 W
-----051944 271933Z /46

R 270924Z JUN 78
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 4117
INFO AMEMBASSY ANKARA
AMEMBASSY ATHENS
AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
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AMEMBASSY THE HAGUE
AMEMBASSY HELSINKI
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY MADRID
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY REYKJAVIK
AMEMBASSY ROME
AMEMBASSY TOKYO
AMEMBASSY VIENNA
AMEMBASSY WELLINGTON

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PAGE 02 STOCKH 02487 271059Z

E.O. 11652: N/A
TAGS: ELAB, SW
SUBJ: SWEDISH GOVERNMENT'S EMPLOYMENT SUPPORT MEASURES ALLEGEDLY
USED TO INCREASE COMPETITIVENESS OF SWEDISH FIRMS ABROAD

1. A RESEARCH GROUP FROM THE UNIVERSITY OF LUND, COMMISSIONED

BY THE SWEDISH GOVERNMENT TO STUDY THE EXTENT TO WHICH SWEDISH COMPANIES HAVE AVAILED THEMSELVES OF THE GOVERNMENT'S 25 KRONOR EMPLOYMENT SUPPORT PROGRAM, REVEALED THAT NO LESS THAN TWO-THIRDS OF ALL THE FUNDS EARMARKED FOR THE PROGRAM HAS THUS FAR BEEN GRANTED TO FIRMS THAT HAVE NO INTENTION ANYWAY OF DISMISSING OR LAYING OFF ANY OF THEIR EMPLOYEES. ACCORDING TO THE GROUP'S INVESTIGATION, THE GOVERNMENT MONEY HAS BEEN USED INSTEAD TO INCREASE THE COMPETITIVENESS OF SWEDISH COMPANIES IN FOREIGN MARKETS.

2. THE SWEDISH GOVERNMENT, UNDER ITS 25 KRONOR EMPLOYMENT SUPPORT PROGRAM, PAYS A FIRM 25 KRONOR PER HOUR FOR EACH EMPLOYEE IT CHOOSES NOT TO DISMISS OR LAY OFF BUT RETAIN ON THE COMPANY PAYROLL. SUCH EMPLOYEES ARE NORMALLY PUT ON SOME KIND OF COMPANY TRAINING COURSE FOR A SPECIFIED PERIOD. DURING FISCAL YEAR 1976-77 ABOUT 109,000 EMPLOYEES OF 1,230 FIRMS BENEFITED FROM THE PROGRAM. THE AVERAGE TIME SPENT BY EACH EMPLOYEE ON COMPANY TRAINING COURSES WAS 171 HOURS.

3. THE STUDY CONDUCTED BY THE UNIVERSITY OF LUND TEAM IS TO BE SENT TO THE OECD SECRETARIAT FOR INCORPORATION IN THE LATTER'S ANALYSIS OF VARIOUS FORMS OF EMPLOYMENT SUPPORT AND SUBSIDIES THAT ARE FURNISHED IN OECD MEMBER COUNTRIES. THE SWEDISH LABOR ORGANIZATION TCO, IN A RECENT ISSUE OF ITS OFFICIAL ORGAN TCO TIDNINGEN, CRITICIZED THE GOVERNMENT FOR HAVING THE AFOREMENTIONED STUDY MADE FOR INCORPORATION IN THE OECD ANALYSIS. TCO MAINTAINS UNCLASSIFIED

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PAGE 03 STOCKH 02487 271059Z

THAT THE RESEARCH GROUP HAS HAD SUCH A SHORT TIME TO COMPLETE ITS INVESTIGATION THAT IT HAS NOT HAD A FAIR CHANCE OF SATISFACTORILY DEALING WITH THE PROBLEM. THE INVESTIGATION, THEREFORE, ALEGEDLY HAS MANY SHORTCOMINGS, PARTICULARLY WITH RESPECT TO THE CONCLUSIONS THAT ARE DRAWN.

4. THE TCO ORGAN CALLS ATTENTION TO THE FACT THE SWEDEN'S LABOR MARKET POLICY HAS BEEN SUCCESSFUL IN SOFTENING THE IMPACT ON EMPLOYMENT OF THE PROTRACTED INTERNATIONAL BUSINESS RECESSION. SWEDEN'S LABOR MARKET POLICY, THE TCO ORGAN EMPHASIZED, HAS ALREADY BEEN CRITICIZED INTERNATIONALLY FOR DEVIATING FROM THE PRINCIPALS ON WHICH SWEDEN'S TRADE AGREEMENTS ARE FOUNDED. THE CONSLUSIONS DRAWN IN THE REPORT OT THE UNIVERSITY OF LUND TEAM WILL ONLY SERVE TO INTENSIFY SUCH INTERNATIONAL SUPPORT FOR THEIR ATTACKS AGAINST THAT POLICY, CONCLUDED TCO.
KENNEDY-MINOTT

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EMPLOYMENT
Control Number: n/a
Copy: SINGLE
Draft Date: 27 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STOCKH02487
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780266-0545
Format: TEL
From: STOCKHOLM USOECD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780614/aaaaamgc.tel
Line Count: 110
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8366e57e-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2187720
Secure: OPEN
Status: NATIVE
Subject: SWEDISH GOVERNMENT'S EMPLOYMENT SUPPORT MEASURES ALLEGEDLY USED TO INCREASE COMPETITIVENESS OF SWEDISH FIRMS ABROAD
TAGS: ELAB, SW
To: STATE
Type: TE
vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/8366e57e-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014